

TENNESSEE REGULATORY AUTHORITY

Melvin Malone, Chairman
Lynn Greer, Director
Sara Kyle, Director

MEMORANDUM

REC'D TN
REGULATORY AUTH.

'99 JUN 16 AM 9:02
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

OFFICE OF THE
EXECUTIVE SECRETARY

TO: Chairman Melvin Malone
Director Lynn Greer
Director Sara Kyle

FROM: Eddie Roberson *ER*
Chief Consumer Services Division

Richard Collier *RC*
General Counsel

DATE: June 16, 1999

SUBJECT: Amended Settlement (Docket 99-00345)

On May 13, 1999, the above staff members presented to the Authority a settlement with United Telephone Company concerning the charging of its customers a \$22.50 fee for changing long distance carriers. At the May 18th Conference the Authority did not accept the settlement. Concerns were raised over requiring customers who were overcharged to request the credit and the level of proof customers were required to provide in order to obtain a refund. The Amended Settlement resolves these two (2) issues.

The Staff and United resumed settlement discussions shortly after the above mentioned Conference and hereby submit an Amended Settlement proposal. In the Amended Settlement, United agrees to individually search each paper order since December 1, 1995 and automatically adjust any customer \$17.50 that was charged \$22.50 to change long distance carriers.

United has informed the Staff that it has completed its manual review of customer records and has identified 1520 customers that will received a refund of \$17.50 (\$22.50-\$5.00). These customers will receive a credit on their telephone bills after the Authority approves the Settlement.

The Staff would like to express its appreciation to United for its cooperation in this matter. As a result of this action all United customers will see a dramatic drop in the price to change long distance carriers. In addition, refunds totaling approximately \$26,600 will be provided to those qualified customers.

c: Herb Bivens
Ted Pappas, Attorney for United

SETTLEMENT AGREEMENT (Amended)

The purpose of this document is to memorialize a Settlement Agreement between United Telephone Company ("United") and the Consumer Services Division of the Tennessee Regulatory Authority ("Staff").

On February 22, 1999, the Staff received a complaint from a customer of United alleging that United had quoted the customer a charge of \$22.50 to change the customer's long distance telephone service provider. Based on that complaint, the Staff opened an investigation of United.

As a result of the investigation, the Staff determined that United has engaged in a practice of obtaining verification from a customer, by a telephone call or a letter, of such customer's request for a change of long distance service provider. United believes this verification procedure has prevented its customers' long distance service being changed without their permission. If the customer affirmed the request for a change, United would issue a service order and a change order and then bill the customer the amount of \$22.50.

United considers the charge of \$22.50 appropriate because a service order was completed to verify and change the customer's long distance service provider.

It is the opinion of staff that United does not have authority under its existing federal or state tariffs to charge a customer \$22.50 to verify and change that customer's long distance service provider. The Staff is of the opinion that, in the absence of state agency approval, the maximum charge allowable under FCC guidelines for a preferred interexchange carrier ("PIC") change fee is \$5.00.

Under guidelines approved by the Federal Communications Commission (FCC 98-334, &97) in December of 1998, United will no longer routinely verify long distance service changes.

So as to expeditiously and fairly resolve this complaint, United and the Staff have agreed to the following settlement:

- (1) United agrees that beginning April 1, 1999, it will no longer verify the change in long

distance service providers, and will charge customers \$5.00 rather than \$22.50 when changing long distance carriers.

(2) United agrees to research its records and automatically credit each customer \$17.50 that paid \$22.50 for changing long distance carriers since December 1, 1995. The \$17.50 credit ("credit") will appear on the customers' telephone bills within 60 days from the date the Tennessee Regulatory Authority ("TRA") approves this Settlement.

(3) United will send a written notice, a copy of which is attached as Exhibit 1, to each of its customers in Tennessee informing them of the price reduction in the cost of changing long distance carriers. This notice will also provide instructions on how to obtain the credit if the customer feels they qualify for the credit and did not receive it. This notice will be mailed to each customer within 60 days from the date the TRA approves this Settlement.


(4) United will provide to the Staff a list showing credits to all customers within ninety (90) days from TRA approval of this Settlement Agreement.


(5) The Staff will dismiss the complaint against United and close this investigation one hundred-twenty (120) days after the date this Settlement Agreement is approved by the Tennessee Regulatory Authority, provided that United has complied with all provisions of this Settlement Agreement.

Agreed to on June 15, 1999 by:

UNITED TELEPHONE COMPANY

TENNESSEE REGULATORY
CONSUMER SERVICES DIVISION


Herbert Bivens, General Manager


Eddie Roberson, Chief